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ABSTRACT

This booklet on automobile purchasing and maintenance, 1 in a series of 12, covers all the basic aspects of personal- and family-money management. Suitable for use by high school and college students as well as adults, this handbook discusses buying, maintaining, and operating cars. Section 1 discusses managing automobile dollars. Topics include transportation options, need for a car, car maintenance expenses, renting or leasing automobiles, and selling or trading one's present automobile. Section 2 presents factors to consider in choosing the kinds of cars to buy, including car sizes, body types, foreign or domestic makes, and automobile options. Section 3 focuses on methods of payment, insurance, and buying new cars in comparison to buying used ones. Suggestions are made in section 4 for lowering automotive costs through proper maintenance, operation, servicing, and repairs. The final section examines current changes in the automotive field: reduction in energy consumption, environmental protection, and safety. A list of organizations, books, and pamphlets is provided. (YLB)

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money management

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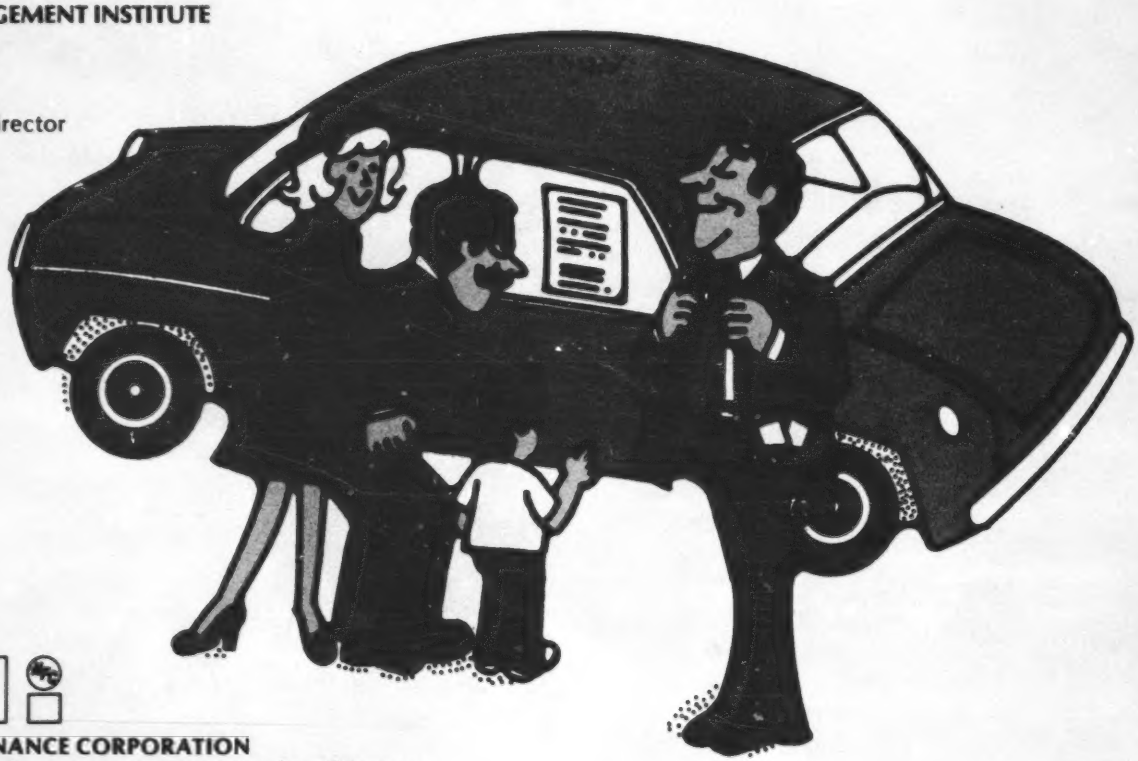

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Introduction

Because automobiles are not only costly but needed in most locales, people often find themselves car-poor—a condition brought on by too much car for one's income. Careful thought and planning, an evaluation of your income and automobile requirements, and skillful shopping will help you meet your transportation needs at a price you can afford.

The ultimate goal of personal money management is to help people utilize their money in ways that will most satisfactorily meet all their needs and wants. The information in this booklet will help you determine the optimum amount of money you should allocate to car costs and will provide guidance as you seek to spend that money most effectively.

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Managing your automobile dollars

Wise management of your income might dictate holding on to the car you have, deciding against a second one, renting or leasing, or not having an automobile at all. Determining how much, if any, to allocate to automobile expenses is a process that involves a careful examination of your values and goals, as well as income and expenditures.

Do you really need a car?

Conditions are changing—economically, ecologically, politically— resulting in a need to reevaluate the car's place in our lives. Operating costs are a cause of concern: gasoline and oil are very high-priced and may go higher yet, and scarcities have been experienced in their supplies. Production materials for the cars themselves may be less plentiful in the future. As for production costs, they are burgeoning—as is obvious in the much higher price tags on cars today.

Private citizens are concerned about pollution of all kinds and its harmful effects upon our environment. Government officials are too, and automobile traffic in cities may someday be greatly reduced as a result.

But do you actually have any options when it comes to transportation? The matter is worth exploring. If your car serves several people for various functions (work, schooling, shopping, recreation, etc.) several times a week, you will probably find car ownership a necessity—even if commercial and public transportation is readily available. The costs in convenience as well as dollars-and-cents would be too high. Your time and energy are resources too!

If you live in or near a city and have less need for an automobile, then taxis, buses and trains may serve you adequately. You can use a lot of public transportation for what you must pay in car support! Have you or any members of your family considered a bicycle or motor bike? Perhaps one of these would get you to many of the places you have to go on little or no gas at all. A car can be more of a hindrance than a help, for city traffic is heavy and parking in itself can present a major problem or expense.

What slice of your income?

Those who pay cash for an automobile reduce the costs of ownership, but the major expenses remain unchanged. For the sake of convenience, these are usually calculated on a monthly basis. How does one determine what a reasonable monthly automobile allowance would be? Begin with your present financial situation, for car costs should fit comfortably into an overall spending plan.*

First, total your current monthly income after taxes, and then deduct from it your current monthly expenses for fixed items such as rent or mortgage, utilities, installment payments, etc. If you are buying the car on credit and have not yet acquired the money for a down payment, monthly savings toward this goal should become one of your fixed expenses.

Now deduct current flexible expenses such as food, clothing, recreation, etc. How much is left for an automobile? Once you have determined this amount, see if it will cover the monthly costs of the car you want.

Automobile expenses may also be classified as fixed and flexible. Fixed costs are essentially the same, whether you drive your car 50,000 miles a year, 500 miles or not at all. They may be considered ownership costs, and include installment payments (if you finance the car), insurance fees, license fees and perhaps garage rental.

Flexible expenses vary with the amount of driving done. They include gasoline, oil, antifreeze, tires; maintenance costs like greasing and washing; and regular inspection and service costs. In addition, there are miscellaneous expenses for periodic waxing, parking and essential tools.

Depreciation is by far the largest expense. If you have never before owned an automobile, you might assume that its purchase price is the primary ownership expense. This is true only if you literally drive it all the way to the junkyard! Since most people either sell or trade their cars while they still have monetary value, they recoup some of their original investment. The depreciation cost is the difference between what one pays for a car new and the price it sells for later. For example, if a car was bought for $5500 and sold three years later for $2750, it has cost $2750 in depreciation.

The accompanying chart should help you estimate your expenses. Filling it out should be easier if you currently own a car, because you will have some knowledge—if not actual records—of what these various expenditures run. If you are not presently an owner, ask someone who drives the kind of automobile you hope to buy to give you an estimate of expenses. Your yearly costs divided by 12 will be your average monthly expense. To figure the cost of operating your car per mile, divide the costs per year by the annual mileage driven.

*YOUR FINANCIAL PLAN, listed inside the back cover, provides additional information on setting up an overall spending and saving plan.

Average cost of owning and operating an automobile*

	Annual Mileage 15,000		
	Cost per month	**Cost per year**	**Cost per mile**
Depreciation	$ 78.50	$ 942.00	$.0628
Fixed Expenses Installment payment			
Insurance	$ 40.25	$ 483.00	$.0322
License fees, registration and taxes	7.50	90.00	.0060
Garage rent or parking fees			
Other:			
Total Fixed Expenses	$ 47.75	$ 573.00	$.0382
Flexible Expenses Gasoline	$ 49.63	$ 596.00	$.0397
Oil	1.75	21.00	.0014
Tires	8.25	99.00	.0066
Maintenance (parts, repair, etc.)	13.75	165.00	.0110
Miscellaneous			
Total Flexible Expenses	$ 73.38	$ 881.00	$.0587
Total Fixed and Flexible Expenses plus Depreciation	$199.63	$2396.00	$.1597

*The costs for items mentioned above are figures furnished by Runzheimer and Company, Inc. They reflect the United States national average cost of owning and operating a 1979 intermediate-size, eight-cylinder, middle-line four door sedan equipped with standard accessories, automatic transmission, power steering, power disc brakes and radio. Insurance costs are based on a pleasure-use category with $100 deductible comprehensive, $250 deductible collision, $100/300M public liability and $25M property damage coverage. Prices vary in different regions. Cost per year figures have been rounded to the nearest dollar.

Personal cost of owning and operating an automobile

	Annual Mileage _____		
	Cost per month	**Cost per year**	**Cost per mile**
Depreciation			
Fixed Expenses Installment payment			
Insurance			
License fees, registration and taxes			
Garage rent or parking fees			
Other:			
Total Fixed Expenses			
Flexible Expenses Gasoline			
Oil			
Tires			
Maintenance (parts, repair, etc.)			
Miscellaneous			
Total Flexible Expenses			
Total Fixed and Flexible Expenses plus Depreciation			

Do your estimated total monthly car expenses approximate the amount of money you have to spend? If they are higher, or you are reluctant to make a commitment of this size, there are several things you might do:

- Choose a less costly automobile.
- Pay cash in order to eliminate interest charges.
- Make a larger down payment to lower installment payments.
- Extend your installments over a longer period of time to reduce monthly payments.

Although this would increase the purchase price of the car through higher interest costs, it might be worth your while if the payments were more manageable.

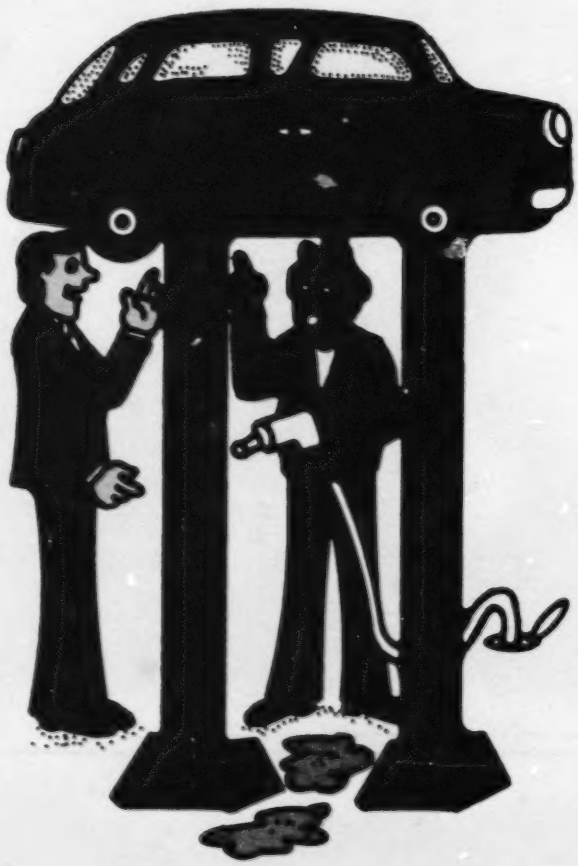
If these alternatives are unsatisfactory, then you would do well to see if your other living expenses might be reduced. What is the value of a car in comparison to other things in your life?

Is renting or leasing for you?

Since owning and maintaining a car is a major expense, some people find that renting or leasing one as needed is a more practical course.

Renting

If you need a car infrequently, for short periods or for occasional trips, renting may be the most practical use of your automobile dollars. Cars can be rented by the day, weekend, week or month—equipped to your liking—in various sizes, makes and models. The costs vary considerably, not only with the kind of car chosen, but from one agency to the next. Rental rates differ within an agency too, depending upon the arrangements you make. Be sure to ask about holiday rates, weekend specials, etc., and do some comparison shopping by phone before deciding where to rent. Agencies are listed in the yellow pages. When you rent it is wise to:



- reserve the car a week in advance if possible, to avoid last-minute disappointment in selection.
- see if you are eligible for a discount, for employees of some companies do qualify.
- use credit cards if possible, for they serve as identification and permit you to charge the deposit instead of leaving cash.
- check whether rental costs are set on a round-trip basis. If you leave the car elsewhere you may have to pay a "drop fee."
- find out what happens if you return the car late. Often there are a couple of hours overtime allowed after which you must pay a certain hourly rate.
- compare the mileage noted on the contract with that on the odometer before you drive off the lot. If the figure on the contract is lower, you will pay for more miles than you have actually driven.
- check the insurance coverage. Additional protection is available for a nominal fee.
- read the rental contract carefully.

Leasing

When leasing a car, you sign a contract to pay so much per month for a specified period of time. This may satisfactorily meet the needs of people who:

- use their cars primarily for business or professional purposes and can charge off the cost as a business expense.
- prefer to put their cash into something other than a car, since there is no down payment or expensive long-term loan involved.
- need an itemized account of operating expenses.
- want freedom from the worries of bargaining, insuring, maintaining, repairing and selling the car, and are willing to pay for this convenience.

- want and can afford to operate late-model luxury cars, but do not have the cash for a down payment.
- need a car for a limited length of time—a few months or a year.

Ideally speaking, candidates for leasing should drive more than 20,000 miles a year, have an above average income, and good credit, job and insurance records.

If cost-cutting is of greater importance to you than convenience, you would probably be better off buying a car, for leasing is rarely cheaper for the average person.

There are two types of contracts: closed-end and open-end. With the *closed-end contract*, your total leasing costs are established at the time you sign. After you estimate the miles you expect to drive during the leasing period, the rate is determined on the basis of the car's probable resale value, the company's expenses, and its desired profit margin. You agree to pay a certain amount per month, making the first and last payments upon delivery. When the lease expires, you return the car.

With an *open-end lease* the total leasing costs are not definitely established when the contract is signed. Although you agree to make fixed monthly payments during the leasing period, you may have to pay an additional amount of money when it expires. This is because the contract states that the leased car must sell for a prearranged price; if it sells for less, you must make up the difference. According to the U.S. *Consumer Leasing Act*, effective March 23, 1977, the leasing company must tell you that you may have to pay this extra amount and how it is calculated. It can be no more than three times the average monthly payment.) At the end of the lease, you have the right to obtain an estimate of the car's worth from an independent appraiser before making the additional payment. Of course if the car sells for more than the prearranged price, the company refunds the difference to you.

With either type of lease, you can assume responsibility for the costs of maintenance, tires, registration and insurance yourself, or take a full-maintenance lease for a sizeable amount extra.

The Consumer Leasing Act requires that you be given a written statement of all *costs*, including the amount of any advance payments; the number, amount and total of your regular payments; and any amounts you must pay for licenses, registration, taxes and other fees. You must also be given the *terms* of the lease, such as any insurance requirements, warranty coverage, responsibilities for maintenance and servicing, penalties for default or late payment, and rights to cancel the lease among others.

It would be wise to check several leasing companies for rates, but base your selection on more than price. Call your local Better Business Bureau for information, and inquire from individuals who have leased cars. Which companies deliver on their promises? In car leasing as well as buying, the reputation of the dealer is of primary importance. Read the contract from top to bottom, including all the fine print. Don't hesitate to ask questions. As one of the parties to the contract, you have not only the right but the duty to understand it fully.

When you already own a car

It is almost always less expensive to continue driving your present automobile than to buy a new one, despite more frequently needed repairs. Why? Not merely because of lower license fees, personal property taxes and insurance rates on older cars, but because of lower depreciation costs as well. Since depreciation is highest in the first three years, you can reduce this expense by driving the car a longer period of time. Depreciation averages between 25% and 35% the first 12 months, depending upon the car size and its popularity.

Major mechanical breakdowns are possible, particularly on older cars, and mean major repairs and expense. Is there any way to avoid this? You might take the automobile to a diagnostic center, where it can be carefully checked at a modest fee for present or possible future malfunctions. This evaluation should be followed by an estimate of repair charges. If these total more than half the value of the car, consider replacing it with a newer one.

Other factors to consider are these:

- **Appearance.** Does your business or professional status require the ownership of a sleek, late-model car?

- **Reliability.** Does your livelihood require a trouble-free automobile, or can you tolerate a certain amount of inconvenience and "time-out" for repairs?
- **Safety features.** New automobiles have more of these than older models. How important are they to you?

If you decide that it is best to buy a new—or newer—car, what will you do with your present one—sell it yourself or trade it in? Selling it yourself might net more money, but would involve more effort on your part and some inconvenience. Is it worth it? Whichever choice you make, you'd be wise to first refurbish the car, then accurately determine its value.

Preparing your car to sell or trade

A small investment of time and money can make a substantial difference in the price you get for your car. First impressions are important to a prospective buyer, so do what you can to make your car look good and perform well. This should not involve a lot of money. But if a simple tune-up involving new points and plugs will improve the car's starting time, have it done. Efforts to spruce it up inside and out will pay off appreciably. Bear this in mind: buyers want good looks and performance in late-model cars (which are easier to sell in any case), but in older automobiles performance is considered more important by far.

Determining your car's resale value

Check a current book of used-car prices, available through your bank, car insurance agent, or current used-car guide. (See page 39). There are several different ones which tell what dealers are giving and getting for various makes and models. Remember that they are guidelines, for in practice each car must be judged on the basis of its particular equipment, condition and mileage. Its actual value could vary as much as 10% above or below the average figure. To more accurately determine the selling price, check automobiles similar to yours in used-car ads, and make direct comparisons on several used-car lots.

Dealers buy used cars at wholesale prices and sell at retail in order to make a profit. New- and used-car dealers cannot offer what an individual would probably be willing to pay. On the other hand, you can't offer that individual a guarantee or service. Your price should be somewhere between the wholesale price the dealer would pay you, and the retail price he would charge. To find a buyer, consider:

- placing a classified ad in the newspaper.
- advertising in your company newspaper, which is usually free.
- listing pertinent information on index cards to tack on bulletin boards in your office, school or supermarket.
- placing a "For Sale" sign with your phone number in the window of your car, but not where it will hamper your vision.

Odometer disclosure requirements

In addition to complying with regulations governing the transfer of title and registration of the car, a federally administered *odometer disclosure law* must be followed. The buyer should demand an odometer statement as his right, and you should be prepared to give it.

This law makes it illegal to turn back, adjust or tamper with the odometer, and requires that the buyer be given a written, signed statement that the mileage noted on the odometer is correct. If the actual mileage is not known, this must be stated in writing. The statement should also include the seller's name and address, vehicle identification data, and a sentence referring to the law and the liability incurred if the information is incorrect. If intent to defraud can be proven, violation of this law is punishable by fines and/or imprisonment.

If the odometer has been repaired or replaced, the owner is required by law to post a permanent notice to this effect on the car door. It should include the date of replacement or repair and the mileage before and afterward.

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What kind of car should you buy?

Remember that you are committing yourself to a definite range of expenses when you select a particular car: depreciation, operating and repair costs, insurance rates and license fees. With so much at stake, the matter should be carefully thought through before visiting a showroom or used-car lot.

What size?

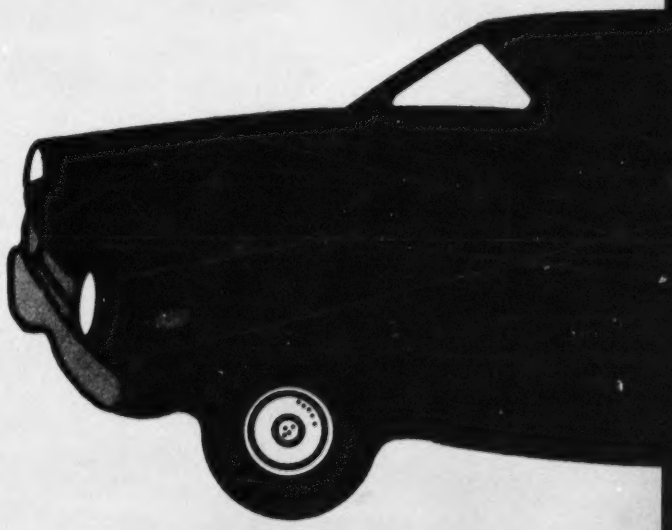
This will depend upon the number of passengers usually carried, how often and how far. Spaciousness and comfort are of less concern if a car is used primarily to transport one or two people short distances. Is economy of vital importance? In general, size and cost go hand-in-hand. But small cars are not practical for everyone. Fortunately there are four general size classifications from which to choose.

- **Subcompacts** are the smallest cars of all, seating two adults quite comfortably, but with room in back for small children only. They are especially suitable for in-town driving, because of their maneuverability in traffic and in parking. Due to their less powerful engines, subcompacts do not perform as well on the highway and cannot be overloaded with optional equipment. Their small size makes them more vulnerable in an accident. Their biggest advantage? Economy!
- **Compacts** are somewhat larger and higher-priced than subcompacts as a rule, and will accommodate four adults comfortably for short periods of time. They make a satisfactory all-round car for small families. Compacts are also easy to handle and are among the less expensive cars to own and operate, for they get good mileage and have lower depreciation, insurance and repair costs.
- **Intermediates** have lower mileage and higher upkeep expenses, but provide more space and comfort for the money. They are large enough to easily accommodate six adults, and perform well in both city traffic and on the highway.
- **Full-size or standard** cars, which include the luxury models, are the largest of all. They are the most expensive to own and operate, because of their high initial cost, upkeep, depreciation, insurance rates and lower mileage. They usually offer greater riding comfort, power and stability than do the smaller cars, so are more suitable for extensive highway and long-distance driving. On the other hand, their bulk makes them more difficult to manage in city traffic.

Which body type?

People are tempted to choose the style they like best, regardless of a particular way of life. Because the basic styles are generally available in varying sizes, prices and makes, it should be possible for you to find a car that will satisfy you on practically all counts. There are over 400 different models manufactured, but most fall into one of the following basic categories.

- **Sedans (4-door and 2-door)** are designed to carry several passengers, making them good family cars. They are solidly built, with central side pillars that provide extra stability in case of an accident. Two-door sedans cost slightly less and have a more streamlined appearance, but getting in and out of the back seat is more difficult. Parents of young children often prefer them—there are no rear doors to be accidentally opened.
- **Hardtops (4-door and 2-door)** are similar in size and style to sedans, but they lack side pillars. This results in an appealing sporty look and unobstructed side vision. Because the smooth, uncluttered look of hardtops is generally more popular, they usually have higher resale value than sedans.
- **Station wagons** are utility cars that hold more people than comparable sedans. They are particularly suitable for those who frequently carry several passengers. The large amount of space in the rear makes them ideal for hauling large items—shrubbery, camping gear, lumber, or bags of groceries. They are several hundred pounds heavier than sedans in the same make and series, and are less maneuverable in traffic. With a higher price tag and lower gas mileage, station wagons are more expensive to own and operate.
- **Hatchbacks** are designed with a hinged rear window that provides access to a large, flat storage area created when the rear seat is folded down. At such times a subcompact or compact becomes, in effect, a small station wagon. These models are valued by people who have an occasional need for cargo space but no need for the extra seating capacity or power of a standard-size wagon.
- **Convertibles,** once seen frequently, have declined in popularity. They have been phased out of most domestic car lines, but are available in some foreign makes that meet federal safety standards. The poorer insulation of convertibles results in noisier, less comfortable rides that are hotter in summer, cooler in winter. Their occupants are also more vulnerable in an accident.
- **Sports cars** are popularly regarded as fun cars. Generally seating only two people and offering little storage space, they are perhaps the least practical of all body types. Since some of the higher-priced models offer superior engineering qualities and finely-tooled, powerful engines, they hold special appeal for automobile buffs. Even the lighter-weight, less expensive models provide status and delight along with transportation, and their sleek continental lines attract many an admiring eye.



Foreign or domestic?

Since the price of gasoline has long been high in foreign countries, these cars have always been designed with fuel economy in mind. Most are lighter in weight, with smaller bodies and smaller engines than similar domestic models. Servicing an import can present a problem in some parts of the country, and replacement parts may prove costly and difficult to obtain. Imports are required to meet safety and emission control standards.

Which options?

Theoretically you can buy a car without a single option, but in practice this is rarely done. In fact, if you select an automobile directly from the dealer's stock, it will almost always include a number of extras. To be sure of getting the equipment you need, special-order the car. Add-ons usually increase both the purchase price and operating costs, so carefully consider the importance of each one. While all options and accessories are assigned list prices, they may be discounted like the cars themselves. There are dozens to choose from, so only the most important and popular ones will be discussed here.

- **A more powerful engine.** Engines, the power plants of cars, come in 4, 6 or 8 cylinders. Each can usually be obtained in small, standard and large sizes. The base price includes a standard engine that is considered adequate for normal use, but a more powerful one may be required if you are ordering several power-draining options. . .if you will be doing considerable highway and/or hill-country driving. . .if you plan to regularly transport heavy loads. . .if you will be doing heavy towing. The larger the engine, the greater the purchase price and maintenance costs, and the fewer miles per gallon.
- **Automatic transmission.** This is usually standard equipment in larger cars because it makes driving easier, particularly in stop-and-go traffic. A smaller car is generally quite maneuverable with a manual transmission, and the engine in a subcompact is seldom powerful enough to support an automatic. Disadvantages to an automatic transmission are its somewhat higher initial cost (though it commands a higher resale price later), its higher maintenance costs and greater fuel consumption.
- **Power steering.** Its basic advantage is easier steering, a definite boon in a heavier car, especially when parking. Power steering can also be helpful in compact and intermediate-size automobiles, but there is little or no need for it in the lightweight subcompact. Compared to other power options, power steering has little or no effect on gas mileage.

• **Disc brakes.** These provide a safety advantage over drum brakes—having less tendency to swerve—and are less likely to be affected by heat and moisture. They are a relatively low-priced extra. Both disc and drum brakes are available with power. This option lessens the pressure needed on the brake pedal, and has little effect on gas mileage.

• **Tires.** The new radial-ply tires are now standard equipment on some new cars, and for most others are highly recommended as an option. They increase gas mileage up to one mile per gallon and their tread life is twice as long as some of the less expensive bias-ply tires found on most cars. Neither standard radial nor bias-ply tires are made for sustained high-speed driving. Warning: for safety reasons do not mix radials with other kinds of tires; in a sudden maneuver the the car might spin out of control. Snow tires are required by law in some locales. Usually they are mounted on the rear wheels only; do not mix radial snow tires with other kinds in front, or vice versa.

• **Air conditioning.** This is one of the most expensive options to buy and to operate, and one that initially requires the purchase of a larger engine in order to meet its higher power needs. It may also demand the installation of a heavy-duty battery and heavy-duty radiator. Only you can decide if the cool, dehumidified air and relative quiet afforded by the air conditioner are worth the price.

• **Rear-window defogger.** The relatively low cost of this option can be justified for safety reasons alone, although it is also a great convenience. It is available in either of two forms: as a duct through which heated air is directed against the window, and as electrically heated strips within the glass. The forced air is more effective as a defogger, while the heated strips do a better job of defrosting.

Additional options include *a lighting package, exterior trim strips, tinted glass, a vinyl roof, a sun roof, undercoating.*

There is equipment tailored to specific driving needs, such as the *limited-slip differential*, a relatively low-priced option that may be useful for frequent driving in mud or snow. It automatically transfers power to the other drive wheel if the first should begin to slip, but if improperly used can cause fish-tailing on slippery surfaces.

If you plan to tow a trailer or carry heavy cargo, you should consider the following options: *an anti-sway bar; heavy-duty suspension, springs, shock-absorbers and lower rear-axle gear ratio; and an oversized radiator, oil cooler and tires.* Be sure to follow the manufacturer's recommendations for towing.

If you are buying a station wagon, there is special equipment available: *a luggage rack, tailgate defroster, tailgate window washer, and a power tailgate window.* Check to see if these options are available in a package.

There are options designed to reduce fuel consumption. A *speed control* automatically regulates the engine speed, so that no more gasoline is fed into it than necessary. The *fuel economy indicator* is a warning device that indicates you are using more gasoline than needed. It is a low-priced option that can easily be installed in older cars too.

Is a used car for you?

Are you hesitant about investing so much in a new automobile? A used car may suit your needs almost as well, and it boasts a lower price tag, down payment and depreciation rate. It also offers other advantages to people who have less money to spend. . .are buying a second car. . .are more interested in transportation than in appearance and style. . .know something about the operation of cars and are capable of handling minor maintenance and repair tasks themselves.

The cheapest cars of all? Jalopies, which you drive until they fall apart. But don't consider one unless you're a pretty good mechanic in your own right!

Be a wise shopper

Wise car shopping begins with a careful investigation of the kind to buy—before visiting a showroom or a used-car lot. The primary rule is to have a good idea of what you want at the outset. Knowledgeable customers who know their own minds are less likely to buy more than they can afford and make fewer buying mistakes.

Many don't realize they should shop for credit and insurance too—before deciding on the automobile to buy. Costs of these two items vary considerably, and in paying unnecessarily high rates for either one, you can quickly spend the money so carefully saved on the car's purchase.

Using cash or consumer credit?

Now that you have decided to purchase a car, how will you pay for it? Will you take the money out of your savings and pay cash, or will you borrow and repay it in monthly instalments? Whichever method you plan to use, a certain amount of preparation is in order before you go to the first showroom.

Cash

The least expensive way to buy a car is to use cash reserves to pay the difference between your trade-in allowance (if you have one) and the price of the automobile. The interest you lose by taking the money out of a savings account is less than the interest you would pay on a consumer loan. By paying cash, you have full use of future income and are free from monthly credit payments.

If you don't need a car immediately, you might put a fixed amount of money aside each month in a special savings account. After accumulating the desired amount, pay cash for your car.

Even if you have the cash in hand, you may prefer to use credit. Many people know they will pay a bill on time each month, but are not as certain they will regularly replenish their savings.

Credit

There are two major types of credit available for car purchases. A *single payment loan* is repaid all at once at a specified time. These loans carry a lower interest rate but are more difficult to obtain. If you are paid on commission or receive a lump sum of money regularly, you might consider a single payment loan; but if you must save that sum and are lacking in will power, an instalment loan is the answer for you.

An *installment loan* is repaid in equal monthly payments over a set period of time. An installment sales contract is an installment loan, but you obtain it through the dealer rather than a lending institution.

As a condition for obtaining a loan, a creditor may require that he hold the title of the car as *security* or *collateral* for the loan. This means that the financing agency will own the car until you pay off the loan. If you default in your payments, the creditor can legally repossess the automobile and sell it to cover your debt. In such a case, if the creditor doesn't receive enough from the sale to eliminate your debt and pay the legal fees involved, you will most likely be charged the difference.

Today, the majority of car buyers choose to pay for their automobiles through monthly installments. Just as the price of the car you hope to buy varies from dealer to dealer, the cost of borrowing money varies from lending institution to lending institution. By shopping for credit, you can borrow from the source offering the lowest rates and most favorable terms.* Consider the following sources:

- **Commercial banks** offer both single payment and installment loans. They usually require a down payment and use the car as collateral. If you have enough money in a savings account to cover the cost of the car, many banks and savings and loan associations will offer *passbook loans*. In this case, your savings is the security—you are in a sense borrowing from yourself and paying for it at a lower rate than a regular bank loan. Your savings account remains intact, earning interest. The interest rates for secured and passbook loans are lower than on unsecured loans.

*MANAGING YOUR CREDIT, listed inside the back cover, provides a complete and objective guide to understanding consumer credit and managing credit dollars.

- **Consumer finance companies** offer personal installment cash loans, often to those without established credit ratings. Because they make a higher number of small loans than other institutions, and because their risks are greater, they are allowed to charge a higher interest rate for their loans. The car is usually used as security.
- **Credit unions** may make unsecured personal installment loans up to $2500 to their members, and make secured loans for amounts over $2500. In most cases, collateral is required for an auto loan, regardless of the amount. Because they are cooperative, non-profit organizations that rely on volunteers for their governing boards, they can offer members lower rates than most institutions. Some credit unions may require a down payment.
- **Dealers** may offer their own credit arrangements to buyers, or sell the installment contract to a bank or finance company and receive a commission for it. In the latter case, the buyer makes payments to the financing agency, signing one contract for the financing of the car and another contract for the car's purchase and warranty against defects. If the dealer chooses to finance the car himself, his interest rates are governed by those regulating the state's installment sales act.
- **Life insurance companies** make single payment loans to policyholders up to the cash value of the policy. If death occurs or the policy matures before the loan is repaid, the amount of the loan and interest is deducted from the face value of the policy.

As the cost of credit varies with the source of the loan, it also varies among different agencies of the same type. It is wise to inquire from many sources before making a decision. The extra inquiries you make may save many dollars in interest and finance charges.

Thanks to the *Truth in Lending Act* in the United States and similar provincial laws in Canada, it has become easier for consumers to shop for credit. This act requires that certain information about the loan be given in writing before you sign the contract. The two most important disclosure requirements are that the finance charge must be stated both in terms of the dollar amount and as an annual percentage rate (APR).

The finance charge expressed as a dollar amount tells you exactly how much you are paying for your loan. It includes interest charges, credit investigation fees, service charges and premiums for credit life insurance, when such insurance is required by the lender. It is easy to compare dollar amounts when you request information on the loan using similar time payment periods—whether 24 months, 36 months or 48 months. If you change the length of loan maturity as you shop for credit, a comparison of the annual percentage rate—the cost of credit expressed as a yearly percentage—becomes more meaningful.

Before signing any contract, make sure all the blank spaces are filled. Read the contract carefully! To whom do you owe the money? Who will hold the title to the car? What happens if you fail to meet a payment? What repossession rights does the holder of the contract have? If you pay off the contract before the agreed time, what refund of finance charges will you receive? Must you pay for credit life insurance through the holder of the contract or may you obtain it through your own agency?

When signing an installment contract, you are agreeing to pay a specified amount at regular intervals. If for some reason you cannot meet a payment during the life of the loan, call your creditor. Tell him why you cannot pay as agreed and when he can expect a payment. This is one time that silence is not golden! Creditors understand that situations arise which may take an unexpected outlay of cash. If you are open and honest with them, they can be most

helpful in your time of need. If you are consistently late in your payments and much collection activity is required on their part, they will not be as sympathetic. A creditor would much rather have his money than your car, but repossessions do occur, leaving you without a car and perhaps with the remainder of the debt to pay.

Credit costs money, but there are several alternatives you might consider to reduce the amount you pay for it. Make a large down payment—1/4 to 1/3 of the car's purchase price, if you can. Pay off a loan as quickly as possible. If you can meet the monthly payments, choose a 24-month contract rather than a 36-month or 48-month one. Shop for credit insurance if required or desired; you may find a less expensive source than that of the holder of the contract. If a sudden windfall comes your way, use it to pay off the loan. In this case, a refund of finance charges would be credited to your account, reducing the actual amount necessary to repay the loan.

Insuring your investment

There is over a 55% chance that you will be involved in some kind of automobile accident within the next three years and a 75% chance of its occurring within the next five. Car insurance is designed to protect you financially in such an event. Not only does it cost to repair your car, time- and money-wise, but juries are awarding larger sums than ever to accident victims. Are you willing to risk being sued for up to $400,000 of your own money, as a result of an accident? Most of us are not.

What kind of insurance coverage?

Several kinds are available to protect you.

- **Liability** insurance, more than any other kind, stands between you and bankruptcy. With liability coverage your insurance company promises to pay up to the limits of your policy for any bodily injury and/or property damage incurred in an accident for which you are legally liable. The amount of liability coverage may be expressed as 10/20/5. This means that the company will pay $10,000 for injuries to any one person and a maximum of $20,000 if more than one is injured. They will also pay up to $5,000 for property damage incurred. Although liability insurance may be a large portion of your total insurance bill, it is worth the money—in dollars and peace of mind. Larger amounts of liability coverage, such as 50/100/5 or 100/300/25, may be advisable—particularly if you have much to lose. The premiums are only slightly higher for the additional protection. In most states and provinces, a stated minimum amount of liability insurance is required by law.

• **Collision** insurance protects your automobile if you have an accident, even if you cause the mishap. Your insurance company will pay for damage up to a specified maximum—usually the actual cash value. In general, the cost of collision insurance depends on the model and year of the car, its safety features and repairability. Collision insurance usually carries a *deductible clause*—you pay the amount deductible ($50, $100, or $250) and the company pays for all damages over that amount. The higher the deductible, the lower the premium.

• **Comprehensive** insurance pays for most damage not covered by collision. In general, this includes fire, earthquake, floods, lightning, missiles (baseballs, rocks, etc.), theft, vandalism, falling objects, explosion, hail, riots and collision with a bird or animal. In the United States this kind of insurance is fairly inexpensive and a deductible clause will reduce it even more. In most Canadian provinces, comprehensive insurance is combined with collision insurance provisions and is called *all perils*.

• **Medical payment** insurance pays for medical or burial expenses for you or your passengers in the event of a serious accident, even if you are at fault. You and members of your family are also covered if injured while you are driving someone else's car. If hit by a car while bicycling or walking, it would cover your accident expenses. Medical payment insurance costs little, and the added return would be most welcome if an accident occurred. *Accidental death benefits* may be purchased with medical payment insurance. Sometimes called *double indemnity*, this coverage provides a *lump sum* to named beneficiaries if you die in an auto accident. While double indemnity is not offered in Canada, in most provinces coverage called *accident benefits* is offered. It includes medical expenses, death and total disability benefits and uninsured motorist protection.

• **Uninsured motorist** protection should not be necessary, but in the United States alone, at least 15% of those driving are not insured. If you are involved in an accident, either as a driver or as a hit-and-run victim of an uninsured motorist, this insurance would provide bodily injury protection up to the minimum amount of liability insurance required by law. Why uninsured motorist protection when you have medical insurance? Medical coverage usually does not compensate for lost wages as does uninsured motorist protection, and the maximum benefits are greater. Its cost is usually a few dollars a year.

• **Towing** service covers the cost of towing your car to a garage if it breaks down. Considered a frill by some, it can be quite valuable if you travel much and/or depend on a car for your livelihood. Sometimes towing is included in auto club memberships, so be certain you do not duplicate coverage if you join such an organization. The cost of this option is nominal.

SOURCES OF AUTO INSURANCE

To whom do you go for auto insurance? There are several sources:

• **Company agents** represent one insurance company.
• **Independent agents** represent two or more companies.
• **Brokers** do business with many companies.
• **Auto clubs** may issue insurance in addition to their other benefits.
• **Employers** or **unions** may have a group auto insurance plan.
• **Mail-order** insurance firms sell directly to the customer. Check them for reliability through your state or provincial insurance office.

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Comparing Insurance Costs

KIND OF COVERAGE	LIMITS DESIRED	COMPANY #1	COMPANY #2	COMPANY #3
Liability: Bodily Injury	$_____ per person			
	$_____ per accident			
Property Damage	$_____ per accident			
Physical Damage: Comprehensive	(Actual Cash Value)			
Collision	$_____ deductible			
Medical Payments:	$_____ per person			
Uninsured Motorist:	$_____ per person			
	$_____ per accident			
Other:	YES/NO			
Accidental Death Benefits				
Towing				
	ANNUAL TOTAL:			
	INSTALLMENT PAYMENTS:			

How much will you pay?

After deciding on the amount and kind of insurance coverage needed, call various sources and enter their premium estimates on the accompanying chart. You will find that rates vary among companies for essentially the same coverage. Companies establish rates based on their loss experience and state or provincial regulations. If a company insures only better-than-average drivers, their rates will be lower than one which insures any licensed driver. There are fewer claims to pay from the company coffers.

Companies consider many factors about you and your car when determining the rate you pay.

- Do you live in a metropolitan area, in the suburbs, in a rural community? A heavier concentration of drivers means more accidents, which raise premiums in larger cities.
- How is the car being used? If you drive to work daily, is your destination less than 10 miles from home? Do you just use the car for pleasure? The more you drive, the higher the premium.
- What is the age, sex and marital status of those who drive the car? Unmarried males under 25 are involved in the largest number of accidents, and can expect to pay a considerable sum for insurance. If a son or daughter leaves home or will no longer be driving the family car, inform your insurance company. Your rates will often decrease dramatically.
- How good is your driving record? You are considered a good risk if you have not had a chargeable accident or traffic conviction within three years. Those with not-so-good records face higher premiums and risk cancellation if their record does not improve.
- Is yours a multi-vehicle family? Have the younger drivers passed a driver's training course? Do they get good grades in school? If the answer is yes to any one of the above, ask if you qualify for special rates.

What type policy?

When you ask how much your insurance premium will be, the price quoted is usually for a *family automobile policy.* It will normally include liability, comprehensive, collision, uninsured motorist, and medical insurance in the amounts you specify. An alternative to the family policy is the less expensive *special automobile policy.* Usually restricted to better-than-average drivers, this policy combines bodily injury and property damage liability, accidental death and uninsured motorist protection. Comprehensive and collision are purchased separately. For example, instead of 10/20/5 coverage, liability might be $50,000 per accident. Compensation to any one person, to a group of people or for property damage would not exceed $50,000. In addition, under a special policy, medical payment insurance will only pay the difference between your medical bill and what your own health insurance policy pays. You cannot collect the full amount from both policies. Ask your insurance agent if you qualify for a special policy and see if its coverage will meet your needs as well as the family policy.

What if you cannot get insurance through normal channels? In the United States, you could obtain it through an *assigned risk plan*; in Canada, through the *facility plan.* These plans were established to provide the minimum amount of insurance protection required by law to those not qualifying for standard car insurance. Each company selling automobile insurance is assigned a certain number of drivers who present more risk than those they would regularly insure. In most cases, those under a high-risk plan pay more for their insurance protection.

If your only alternative is a high-risk policy, check every six months to see if you qualify for standard coverage. The longer you go without an accident or traffic violation, the sooner you can reduce those hefty high-risk premiums.

No-fault insurance

Currently there is a great controversy over no-fault insurance, which is being adopted as a departure from standard liability insurance. You purchase liability insurance to protect yourself from claims others may make if you are at fault in an accident. Under no-fault, you purchase insurance to protect yourself, no matter who is at fault. Each car owner has his own protection and makes claims to his own insurance company when an accident occurs.

Those states and provinces which have no-fault insurance find that it saves both time and money. No longer must an insurance company or jury determine who is at fault, freeing court time considerably. . . compensation to accident victims is faster. . .no-fault costs less to administer. . .claims are more realistic. Because of these savings to the insurance company, rates are usually reduced—often substantially.

Opponents of no-fault insurance are concerned about any limitations placed on a victim's right to sue for pain and suffering. Although pain and suffering is obvious in the case of death or permanent disability, many times it is hard to separate the legitimate claims from the exaggerated or false ones. Most no-fault insurance sets a *can-sue threshold.* This might be called *partial no-fault.* Once your expense or loss of income as a result of an accident reaches a certain amount, you are allowed to sue. Thus, liability protection remains a must for all motorists, whether they live in a no-fault area or not. *Total no-fault,* not yet adopted in any state or province, would pay all expenses and eliminate the right to sue.

If your state or province has no-fault insurance or is debating the issue, be aware of the differences in its coverage and costs.

Which company?

Now that you have estimates from several insurance companies, which will you choose? Is the least expensive rate the best buy? Not necessarily. *You want to choose the company which will give you the coverage you want, that has a reputation for fair and prompt claim service, and that will protect you from financial loss.* Once you have found such a company, stay with it and establish a good insurance record. This will reduce the likelihood that the company will cancel or refuse to renew your policy if you are involved in an accident.

Buying a new car

Buying a new car is exciting, but for the inexperienced it can be a bit perplexing as well. This section is designed to help you meet the challenge with know-how and confidence.

Select your dealer carefully

A highly reputable, conveniently located dealer is of utmost importance in many buyers' eyes. Why? Because they want to receive courteous, prompt, competent service at the time of purchase, during the warranty period and later, when routine maintenance is required. As for location, an easy-to-reach service center is a great saver of time and fuel. To find a dependable dealer, ask people you know for recommendations and then follow up with a call to the Better Business Bureau.

What about a car-buying service?

For a nominal fee, these put you in touch with dealers willing to sell cars for a low markup over the wholesale price. You are in effect bypassing the services of a salesman, which probably will not matter if you know the exact car and options you want. On the other hand, the buyer does not usually select the dealer, and the service after the sale may be costly, undependable, and inconvenient to obtain.

Shop and compare

You have given careful thought to the kind of car and options wanted. Your final decision should depend upon its cost, a careful on-the-floor examination and a test drive.

While domestic automobiles do not have established selling prices, the maximum suggested retail price of the car itself with options and a standard engine can be found on the window sticker. It is pasted there at the factory and under federal law in the United States cannot be removed until the car is sold. In Canada, the manufacturer's suggested retail price is generally found on a sticker too, but it is not required by law. The excise tax, freight costs and charges for predelivery service—getting the car into A-1 condition for delivery to the customer—are also listed on the sticker. Sales taxes are not included. Automobiles usually sell for less than the sticker price.

You may be spending a lot of time in your car, so its comfort and convenience are most important. Sit in the front and back. Are both areas sufficiently roomy? Can the driver's seat be satisfactorily adjusted? You should be able to easily reach both the foot pedals and important knobs on the dashboard. Can the gauges on the dash be readily seen? Does the steering wheel obstruct your vision in any way? How well does the storage space in the car meet your needs?

If the car fits into your financial plan, and if it passes the floor test, take a test drive. This is the only way to check its maneuverability and riding comfort—in both front and back. A thorough test should include parking and driving in different places, if possible: an unpaved road, city streets, a hill and a highway. A word of caution: *don't drive any car unless the dealer has it insured.*

If it passes your driving test, ask the salesman for itemized quotes on both the car and each desired option. You can usually lower this figure with some dickering—especially with a trade-in. A good question to ask: Is this your *lowest* price? When you are convinced that it is, enter the quotes on the price comparison chart and total.

It is important that you check your other alternatives before making a final decision. After comparing appearance, performance, costs and warranties, as well as the service facilities of the dealers, it's time to seriously negotiate. And don't be talked into buying a car in stock with unwanted extras. A short wait will pay off in the long run.

Price comparison chart

	Car 1	Car 2	Car 3	Car 4
List Price				
Options				
Non-standard engine				
Automatic transmission				
Power steering				
Power brakes				
Tires: Radial				
Oversized				
Snow				
Air conditioning				
Rear-window defogger				
Radio: AM				
AM/FM				
Limited-slip differential				
Custom interior				
Exterior trim strips				
Tinted glass				
Vinyl roof				
Speed control				
Fuel economy indicator				
Other:				
Freight Charges				
Federal or Provincial Excise Tax				
Predelivery Service Fee				
Sales Tax				
Registration and Licensing Fees				
Other:				
Total Cost				
Subtract **Trade-in** or **Down Payment**				
Total Amount You Pay				

Dealing effectively

Because options and trade-ins vary so much, domestic automobiles do not have fixed selling prices. Buyer and seller settle on a price—somewhere between the sticker price and the dealer's cost—through negotiation or dealing. Your best bargaining tool? Knowing approximately what the dealer paid for the car. Booklets are available to the public that state the wholesale prices dealers pay to manufacturers. (See page 39.)

You can estimate the dealer's cost yourself, since a markup is usually about 20% of the retail price. Take 20% from the cost of the car and its options. A reasonable profit would be 10% of this total, so add that on, along with freight charges, excise tax and predelivery service charges. If the salesman's quote is close to this figure, it is probably a fair price. But remember that a good deal isn't everything—you want a good dealer too!

Do you have a trade-in? To avoid confusion, settle on the price of the new car first—then have your old one appraised. If you know its wholesale value, you can evaluate the offer right away. Deduct it from the new-car price to find the difference that you must pay. Is this more than you can comfortably handle? Perhaps you should sell your car yourself and try to get a higher price. This will involve a certain amount of time and effort on your part, but may be well worth it.

Protecting your deal

The *purchase agreement* is a legal contract with the dealer for the purchase of an automobile. It binds both buyer and seller to the terms stated therein. Purchase agreements are usually standard within each state and province, and include spaces for the total cash price of the car. . .sales tax. . .the specific equipment you are ordering. . .the amount of deposit or trade-in. . .date of delivery. . .predelivery service charge. Before you sign the contract agreement:

- read it carefully. Does it coincide with the deal you made?
- ask questions if there is anything you do not understand.
- make sure all the blanks are filled in, or an unscrupulous salesman could change prices or make additional charges later. Once you sign, you are legally bound to whatever is written there.
- obtain a receipt stating that your deposit is applied to the purchase price.
- be fully satisfied with the contract. If you do not like its terms as stated, the dealer may be willing to amend some of them. But to insure that the manager approves of the changes, have him or his authorized representative—the salesman is not necessarily so authorized—initial the amended section in your presence. *Verbal agreements are not valid.*

Inspecting your new car

This is the time to take a good hard look at the car. Better an unpleasant surprise now than later.

- Is it exactly what you ordered? Compare it with your signed purchase agreement.
- Check the body carefully for damage.
- Look for loose or missing parts—under the hood and chassis too.
- Take a test drive. Does everything seem to be in satisfactory working order? If not, have it fixed before signing the bill-of-sale.
- Get a signed statement that the predelivery service has been done.
- See that the dealer's authorized representative signs and dates the warranty.

Are you generally satisfied on all these basic points? Then you are ready to sign the document that makes the sale final.

Official matters

There are a number of important papers that should be kept together in a safe place other than the car: the window sticker, purchase agreement, bill-of-sale, itemized receipts of repairs, instalment contract and insurance records. The warranties and owner's manual may remain in the automobile for easy reference.

As a car owner, you must comply with the motor vehicle regulations of your state or province. They vary somewhat, but all require the following:

- **Certificate of title.** This verifies your ownership, so must also be kept in a safe place. Do not keep it in the car—should the automobile be stolen you could not prove that it belongs to you. If you finance the car, your creditor will usually hold the title until paid in full.

- **Certificate of registration.** This proves the automobile has been registered with the state or provincial department of motor vehicles. In Canada it is called an *ownership permit* and must be renewed annually along with the license. Your proof of registration should remain in the car.

Breaking in your new car

Today's cars do not require a breaking-in period in the old-fashioned sense, but you should follow the manufacturer's recommendations precisely for the first 400-500 miles. Failure to do so may invite mechanical problems in the future. The owner's manual provides guidelines for this breaking-in process. Note any defects or operating difficulties, and when you return your car for service, present them in list form to the mechanic or service manager.

New car warranties

A warranty is a written assurance from the manufacturer that defective parts and workmanship in a new car will be replaced or repaired free or at low cost during a specific period of time or up to a certain mileage. There are bound to be at least a few imperfections in any mass-produced product as complex as an automobile.

Repair work is usually performed at an authorized dealership, but in an emergency it can be done by an independent garage and you will be reimbursed if you save the receipt. While warranty coverage varies, ordinarily it is for 12 months or 12,000 miles, whichever comes first. For an extra fee, some manufacturers provide coverage for a longer period.

A booklet relating all the provisions of the warranty and what to do if trouble occurs is furnished with each new car. *A warranty places maintenance responsibilities on the owner.* He or she must have it serviced according to the manufacturer's requirements and keep the itemized receipts as proof that the work has been done.

Buying a used car

Since automobiles are now built to last 100,000 miles or more with proper care, a used car can provide good service for less money than the cost of a new one. Used-car buyers in the United States also benefit from legislation which helps them determine if a car has an uncorrected defect affecting its reliability or safety. To find out, write the manufacturer or call the National Highway Traffic Safety Administration's Auto Safety Hotline, giving the following information: the car's make, model, year, body type and vehicle identification number. Continental U.S. residents can call the Hotline toll-free at (800) 424-9393. Residents of Alaska, Hawaii and Washington, D.C. call (200) 426-0123.

Another advantage for the used-car buyer today is the *odometer law,* explained on page 10. If the seller will not provide a disclosure statement, don't buy the car. Are you interested in *extended warranty coverage* that protects against major repair bills? This is now often available from either dealers or private insurance firms.

One should be fairly knowledgeable about automobiles in order to buy used cars wisely. They always have a history, and it's rarely an open book! But if you don't know much about cars, know your dealer. He should be well-established and preferably displaying the identification of the national or state Independent Automobile Dealers Association.

Making the right choice

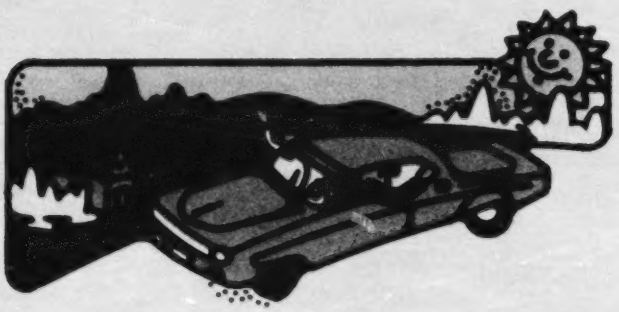
If you have decided on the size and type of car you want, as well as the essential options, the make and age should matter less than its overall condition and price. Here's how to determine what your money will buy:

- **Price.** Read classified and dealer ads to obtain retail prices; then visit some lots for on-the-spot checks. To determine if they are in line, check a current book of wholesale prices and allow for a reasonable profit. A price source is listed on page 39.
- **Performance.** Check your library for back issues of mechanics' and consumer magazines that rate the new models each year on the basis of economy, engine performance, handling and safety features. Current consumer magazines rate used cars on frequency of needed repairs.

Where to buy?

The price charged for a used car depends not only upon its age and condition but also upon the seller and the number of advantages he offers.

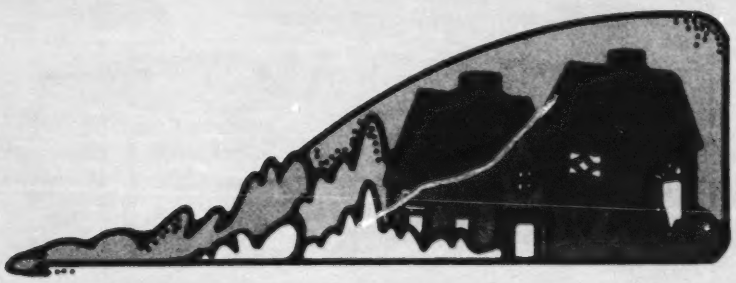
- **New-car dealers.** Their cars are usually sold reconditioned, often with better warranties behind them as well as service facilities. They are frequently late models of high quality, which suggests why a new-car dealer is sometimes reluctant to accept older, less desirable cars in trade. These factors, along with a high overhead, help explain why they charge the highest prices. With a verifiable reputation and a franchise to retain, a new-car dealer is unlikely to engage in questionable practices, but his reputation and that of the independent used-car dealer can be readily checked through the Better Business Bureau or local consumer affairs office.



- **Used-car dealer.** They frequently sell somewhat older, less expensive cars, many of which have been obtained from new-car dealers. They are also willing to accept older cars in trade, but this does not necessarily mean they are of poor quality. Generally used-car dealers charge lower prices than new-car dealers because of low overhead—fewer employees, less elaborate service facilities, if any—and usually offer only minimal warranties.
- **Classified ads.** The prices charged by private sellers should definitely be lower than those charged by a dealer, because they lack a verifiable business reputation, do not recondition the cars or offer any guarantees. Most of these people are solid citizens, but it is conceivable that the advertised automobile could be stolen or scheduled for repossession. If reclaimed, you will take the loss. To avoid this possibility, ask to see the certificate of title.
- **Individuals you know.** The advantage here is knowing the car's history and general condition, but dealing with acquaintances can be a delicate matter. Are you up to some fancy dickering with a friend or relative? Would you be inclined to hold an unpredictable breakdown against him or her?
- **Other sources.** Local gas stations, rental or leasing agencies, commercial and government auctions.

Checking the car out

Since looks can deceive, the most important part of buying a used car is determining its condition. You should not expect perfection, but try to avoid automobiles that may be trouble-prone—those that have had excessive wear, been carelessly handled or involved in a major accident.The seller will certainly not point out deficiencies, but there is a series of tests to help you evaluate the basic structure and mechanical system of a car.



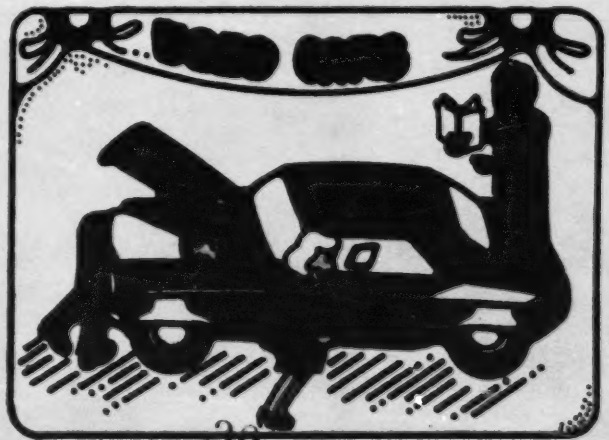
On the lot

Before test driving the automobile, a knowledgeable eye may give you several clues to the car's history and approximate worth.

- **General appearance.** Is the car level? A lean to one side may mean a broken spring. Are wheels in line with the body? If not, a wreck may have twisted the frame.
- **Paint and chrome.** If the car is newly painted and is three years old or less, suspect an accident, simply because automobile finishes today last longer than that. New chrome also warrants closer inspection, because few owners replace it unless there is damage. If a car looks good without the benefits of obvious cosmetics, it was probably well cared for.
- **Ripples and dents in the car body.** These indicate repaired sheet metal damage.
- **Alignment of doors, hood and trunk lid.** If they don't close easily and tightly, the car may have been knocked out of shape.
- **Rust and salt corrosion.** Check base of door frames, wheel wells, under fenders and floor mats. Bubbles under the paint also indicate that rust may be building up. A small amount can be treated, an extensive amount is a danger sign.
- **Tires.** These provide a good clue to mileage. A car driven 24,000 miles or so often has the original tires with the same tread design and closely related serial numbers. New or retreaded tires suggest that the mileage exceeded that amount. Uneven tread wear indicates an alignment probem.
- **Jack and spare tire.** Make sure they are there. Is the spare useable?
- **Engine.** Open the hood. Was the engine recently steam-cleaned? This may have been done to erase evidence of oil leakage. Check under the engine for oil leaks. Pull out the oil dipstick. A very heavy oil suggests that the seller might be trying to deaden engine noises or prevent oil burning during a test run. Does it start readily? Do all the gauges and warning lights go on and off as intended?
- **Mileage.** Does the car's general condition correspond to the mileage shown on the odometer? If it is a '72 or later, check for white lines between the numerals on the odometer. These indicate that it has been rolled back. Does the odometer disclosure statement affirm this? See page 10. Even if the reading is accurate, remember that actual mileage in itself does not tell the whole truth about the car's condition.
- **Extra equipment.** Older cars with complicated, power-operated equipment are more likely to be trouble-prone. If at all possible, avoid them.

On the road

If the seller won't permit a road test, forget about the car. Never buy an automobile without one, and you should drive. *Don't take the car out unless it is covered by insurance.* The seller is justified in requiring a deposit, but you should obtain a written receipt which states that the deposit will be returned in full when you return the car. If you are asked to sign a paper before the test drive that acknowledges your temporary responsibility for the car, make sure it is not an agreement to buy. If possible, drive in city and



expressway traffic, on a smooth, straight highway, a rough road and a steep hill, if these are areas you will be regularly traveling. Be sure to check the following:

- **Acceleration.** Does the engine pick up speed smoothly and reasonably fast? This reveals much about its general condition. Does it sputter, jerk or skip on a hill? Overheating is a bad sign.
- **Clutch,** if a manual transmission. Shift through all gears. Does it release them fully without clunking or grinding noises? Does it ever pop out of gear?
- **Automatic transmission.** Is there smooth action through all shifts?
- **Steering.** Is it smooth or jerky and uncertain? How much play is there? More than two inches is too much.
- **Brakes.** A stop should be smooth and straight, with no sudden swerves, grabbing, or scraping noises.
- **Noises, squeaks, rattles and smoke.** If you cannot find the sources—beware!

In the shop

A shop test by independent experts—either a qualified mechanic or diagnostic center—is the most vital one of all. Its nominal cost may save you hundreds of dollars. A seller should not object to this examination; if he does, walk away. Ask your expert for a list of the major repairs and replacement parts needed and their estimated cost. Then you can decide if the car is worth your time and money.

Arriving at the right price

Does the car pass the three tests? Then you're ready to buy. In making a bid, there are several factors to take into consideration:

- **Asking price.** Unless the car is in top-flight condition, you should pay less. Your mechanic may be able to suggest a figure.
- **Current competitive prices and the general condition of the car.** Is it in better or poorer condition than the average?
- **Odometer statement.** Is one provided? (See page 10 for details.)
- **Repairs needed.** The mechanic's list and estimated costs are excellent negotiating tools.
- **Warranty or guarantee.** How complete is it? The very best one available protects against breakdown of the engine and transmission for 12 months or the next 12,000 miles. Usually warranties last from 30 to 60 days. A poor warranty? A 15% discount on parts and repairs, not including labor. How reliable is the dealer behind your warranty? Is it signed by a representative of the dealer? This is not necessarily the salesman. Fortunately it is now possible for some used-car buyers to purchase their own warranty coverage for a nominal fee through private insurance companies, but this option is usually restricted to automobiles that have been driven less than 50,000 miles.

Closing the deal

Once you have agreed on the price, it's time to close the deal. Paying cash? Use a certified check that states it covers the full purchase price. Financing the car? Your previous investigation of the various credit arrangements available should help you quickly evaluate those offered by the dealer. If financing elsewhere, have arrangements made before delivery of the car. Make sure that all the blanks in the contract are filled in and your warranty is in writing. If the car has had all the Federal Government Safety Defect Recall Campaign Inspections and/or repairs made on it at the time of sale, this should also be noted on the contract.

In most states or provinces, a seller of a used car must be able to prove ownership of it by showing the title certificate, or registration certificate in states or provinces that do not require a title. He then signs it over to the buyer, who delivers it to the state or provincial department of motor vehicles. Before issuing a new title or registration certificate in the buyer's name, the car's serial number and motor number must be checked against numbers of stolen cars. Sometimes this official transfer also involves an inspection. Customers generally leave a deposit for the car until this has been done.

Keeping running costs low

While you commit yourself to an array of fixed ownership costs when you select an automobile, its flexible or running costs continue to be largely within your control. They depend upon the way you operate the car and the kind of care you provide.

Car maintenance and operation

If you believe in protecting your investments, then surely you will want to take good care of your car. No one else will assume responsibility for the upkeep of its approximately 15,000 parts! Regular maintenance and wise operating practices will extend the car's engine life. . .improve gas mileage. . .reduce pollution . . .maximize car safety. . .net more on a trade-in. . . help prevent breakdowns and repair bills. . .lessen annoyance and inconvenience caused by poor operating performance. . .possibly save lives.

As stated previously, a new-car owner has special responsibilities that are carefully spelled out in the owner's manual furnished with each car. If your used car is lacking this booklet, you can perhaps still obtain one from the manufacturer. Ask a dealer for ordering details. In view of their availability and the specific, complete information these booklets provide, the suggestions offered here on maintenance and operation will be quite general and brief.

Maintenance

Preventive maintenance helps keep mechanical problems from developing. Various systems and parts should receive routine attention according to manufacturers' recommendations. These are:

- **Chassis, transmission and rear axle, front wheel bearings and crankcase.** These should be lubricated when needed to prevent friction and excessive wear of the parts.
- **Automatic transmission.** Check its fluid level and change when needed—approximately every 24,000 miles. Regularly adjust the front bands.
- **Brake fluid.** Since it gradually evaporates, the level should be checked every few thousand miles or at six-month intervals.
- **Radiator.** Add water when needed to maintain coolant—a mixture of ethylene glycol and water—at proper strength. This will prevent freezing in winter and keep the engine cool in summer. Change the coolant once a year. Check the radiator hose at least every 12,000 miles for cracks and weak spots. Its normal life is approximately 24,000 miles.
- **Engine oil.** Check when you buy gasoline to make sure it is at the proper level. The oil should be drained and replaced, and the oil filter changed as often as the owner's manual recommends. This is one of the most important maintenance tasks.
- **Air filter or cleaner.** There are two types: oil-bath and dry-air. The former should be cleaned with every lubrication or at least every six months. Dry-air filters should be thoroughly vacuumed at the same interval. Replace these filters as the manufacturer directs.
- **Fuel filter.** This should be changed every year or so.

• **Fan belt.** Test tension periodically to see if worn.
• **Battery.** Keep it full. Check water level monthly in winter; weekly in a warm, dry climate. Use distilled water if the mineral content of your local water is high. To prolong the life of the battery, clean the top occasionally. Use rubber gloves, a sturdy brush and a mixture of baking soda and water, taking care not to get any inside the battery. Rinse with water.
• **Tires.** Check tire pressure frequently—at least once a month for normal driving, once a day on an extended motor trip. For reliable readings, buy a pocket pressure gauge of your own for a nominal cost. Rotate tires at recommended intervals to equalize wear.

• **Exterior.** Wash frequently, particularly if you live near the ocean or where salt is used to melt ice. Wash the undersection very carefully with a hose under high pressure if possible. Rustproofing is advisable in areas where salt corrosion is a problem. Retouch chipped paint and remove rust from chrome; protect both with a special wax or finish.
• **Interior.** Clean and vacuum regularly.

Corrective maintenance is required when a part of the car fails or wears out. The frequency will depend upon mileage, driving habits, and the kind of preventive maintenance provided. Here are some examples of important kinds of corrective maintenance.

- **Tune-ups.** Generally speaking, a tune-up involves a fine adjustment of the engine, to maintain and/or restore it to maximum operating efficiency and in the process conserve fuel and reduce pollution. It is performed primarily on the carburetor and ignition system. Refer to the owner's manual for your car's tune-up schedule.
- **Brake maintenance.** Adjust brakes every 5,000 miles, check lining wear every 10,000, and reline when advised to do so by a trusted mechanic. Beware of cut-rate jobs!
- **Wheel alignment.** Check this every few thousand miles and balance tires every six months.
- **Power steering.** Occasionally inspect the pump belt and replace when needed. The steering lines and hoses should also be checked for deterioration at every oil change, along with the fluid level of the power-steering pump.
- **Exhaust system.** Inspect at every lubrication or oil change for damaged or mispositioned parts, open seams or loose connections. Any of these could permit exhaust fumes to enter the passenger section.

Money-saving note: when replacing parts, new ones are not always necessary. Used or factory-rebuilt parts cost much less and generally provide satisfactory service.

Do-it-yourself maintenance

Undoubtedly you will save on labor if you do some of the maintenance work yourself; you can save on supplies and parts as well if you buy them at discount stores. The owner's manual provides instructions for many of these tasks; for more detailed directions refer to the service manual, also available from the dealer or manufacturer. Special tools can be ordered from the latter too, if desired. See ordering information in your owner's manual.

For the adult beginner—male or female—courses in automotive repair are now available. Call the local high school or Board of Education for information. Interested teens should sign up for shop classes in car repair.

Even if you don't care to do it yourself, there are some things you should be able to handle in case of an emergency: changing a tire, installing a fan belt, and other minor repairs. For the sake of your safety and that of your passengers, always carry some basic equipment in the car: screwdriver, pliers, flashlight, jack, tire gauge, extra fan belt, roadside flares and a first-aid kit.

Avoid winter woes

Residents of northern climates cannot postpone certain routine maintenance tasks, or they will probably pay a big price in inconvenience and towing bills! Each fall, before the first cold weather strikes, they should:

- change to winter-grade engine oil.
- replace antifreeze, unless advised otherwise by the manufacturer.
- make sure that the cooling system as a whole is sound.
- check condition of battery and spark plugs. A battery loses power in cold weather when the engine needs it most.
- install snow tires. Buy them already mounted on wheels and in the long run you will save money, as well as the time and energy required to remount them each fall.
- store a booster battery cable, a small bag of sand and a tow chain in the trunk.
- pour a prepared washer mix or a 50/50 mixture of water and antifreeze in your windshield washer.
- wash thoroughly, retouch scratches, then apply a good wax. Clean chrome and protect it with a special finish.

In order to reduce wear and tear on the engine, you might want to invest in one of the many devices that will enable you to start a cold car. Several kinds of *engine heaters* are available, as well as an *oil dipstick heater* and a *battery warmer or charger*. Once started, it would be wise to idle the engine only a short time, as the oil warms up faster if the car is moving. To avoid frozen gas lines, keep your gas tank as full as possible. Clean off snow and ice. You can carry several hundred pounds around without even realizing it, straining the suspension system and reducing gas mileage. For safety's sake, thoroughly scrape the snow and frost off all your windows; unobstructed vision is of vital importance. Don't damage the glass or finish with metallic scrapers.

Operation

Wise operation of your car will help prolong its life, reduce the incidence of mechanical problems, and help conserve gasoline, oil and tires. Careful drivers:

- are familiar with the gauges on the dashboard, so they can promptly recognize warning signals and act accordingly.
- follow the directions in the owner's manual for starting the car.
- start it slowly and easily; avoid jack-rabbit starts.
- shift into high gear as soon as possible.
- drive smoothly and steadily, maintaining as constant a speed as possible.
- accelerate when approaching a hill, so less acceleration will be needed to climb.
- do not drive at excessive speeds.
- avoid fast turns or curves.
- avoid jamming the brakes and panic stops.
- take it easy when approaching railroad tracks, bumpy roads, unavoidable holes.

There are several operating tips that will save you fuel and/or money.

- Buy gasoline of the recommended octane—no higher.
- Avoid stop-and-go driving whenever possible.
- Keep use of air conditioner to a minimum.
- Whenever waiting longer than a minute, turn off the engine. Idling is hard on the engine, wastes gas and pollutes.
- Consolidate errands and keep short trips to a minimum.
- Buy radial tires if possible. Their initial cost is higher than other kinds, but radials can save on fuel.
- Keep tire pressure at the level recommended by manufacturers. Underinflation, which is more likely to occur in cold weather, increases fuel consumption.
- Reduce car weight by clearing trunk of unnecessary gear.

Servicing and repairing your car

A good mechanic is almost worth his weight in dollars —he can save you so many of them over the lifetime of your car! More importantly, he may even save your life, for the mechanical condition of a car can certainly be a life-and-death matter. A qualified mechanic:

- knows his work well and cares about its quality—as well as the satisfaction of his customers.
- can accurately diagnose mechanical problems.
- possesses good equipment which he uses proficiently.
- performs the work as promptly as possible.
- charges a reasonable price.
- is trustworthy.

Perfection is rare anywhere, but today in the United States you can seek out a *certified mechanic,* one who has voluntarily taken and passed tests set up by the National Institute for Automotive Service Excellence. Each test is devoted to a specific part or system of the car: engine repair, automatic transmission, manual transmission and rear axle, front end, brakes, electrical systems, heating and air conditioning, engine tune-up. Those who pass all of these rank as master craftsmen, and their orange, blue and white shoulder patches identify them as General Mechanics. They have demonstrated a high level of competence in all the important areas of automotive service.

Other mechanics take tests in selected areas and their shoulder patches indicate their specific kind of expertise. To find a service agency that employs certified mechanics, look for the NIASE sign or write for a directory. See page 39.

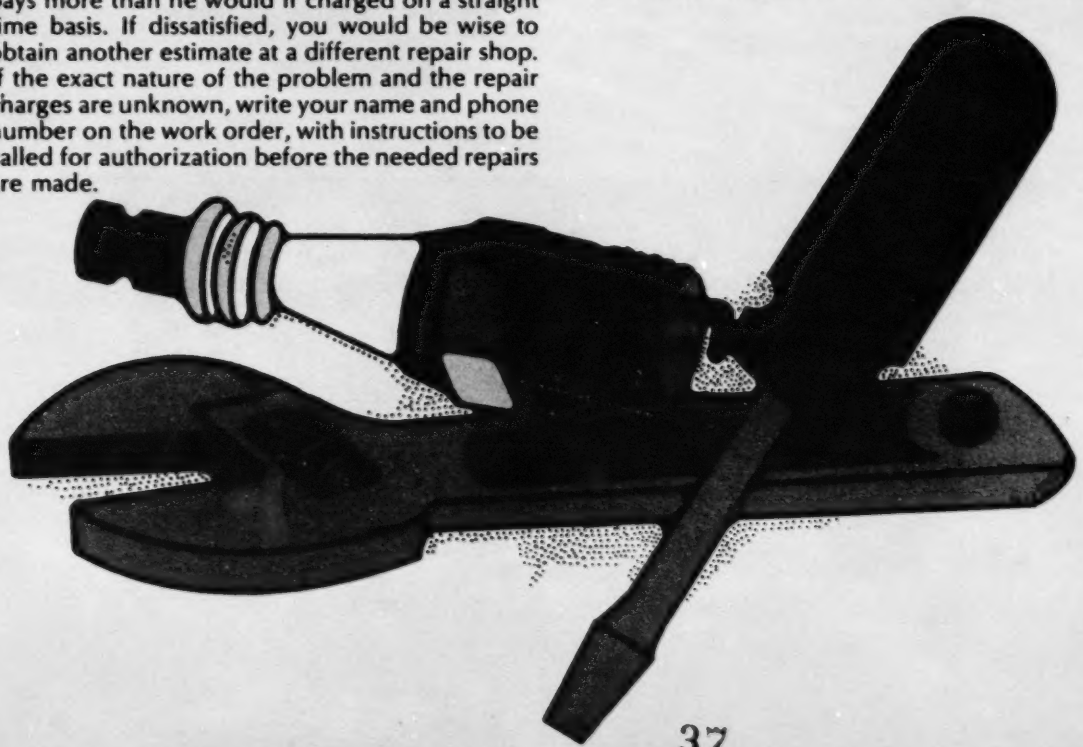
Undoubtedly there are a number of competent, experienced mechanics who are not certified, yet are able to provide satisfactory service. Your best means of locating them is probably through the recommendations of friends. Ask them if their repair work has been done well and if prices are right. A good mechanic may be found working at any one of the following:

- **Dealers' service departments.** They specialize in repairs of particular makes of cars, and their mechanics are given special training by the manufacturer. They are the highest paid in the industry. You would be wise to use such facilities as long as your warranty is in effect.
- **Independent garages.** These can and often do charge less than a dealer because of lower overhead—fewer employees, less costly facilities, little or no advertising. Their reliability is largely dependent on the individual in charge. It is wise to check out a garage's reputation through queries of local residents and customers if possible.
- **Specialty shops.** They service one part of the car only—radiators, tires, mufflers, automatic transmissions, ignitions or brakes. Usually these mechanics are very skilled within their own areas of expertise.
- **Service departments of chain department and discount stores.** These are located near large shopping areas. Their mechanics are experienced in making fast, relatively simple repairs and replacements—particularly on popular domestic cars—but lack training and experience to diagnose complex mechanical problems.
- **Gasoline stations.** They offer the advantages of a close-in location, conveniently long hours, lower prices and personalized service. Their owners are not likely to take advantage of good regular customers. For routine maintenance and minor repair jobs, you would probably find a neighborhood service station satisfactory.
- **Automotive diagnostic centers.** These possess highly sophisticated equipment which is used to accurately evaluate the various mechanical parts of a car, diagnose existing problems and predict future ones. Authentic diagnostic centers are usually not in the repair business themselves. Charges are quite nominal.

Your role in attaining satisfactory service

Practically all disappointments in car repairs can be avoided by selecting a competent, honest mechanic in the first place. Since you may not always have the opportunity for a careful search, here are suggestions for avoiding a few of the most common pitfalls you might encounter.

- Call ahead for an appointment unless it is an emergency situation.
- Present a list of repairs needed to the mechanic or, if it is a large garage, the service manager. He will fill out a work order, listing what is to be done. Your signature on it authorizes the agency to make the repairs and replacements stated there, and you are obliged to pay for them. Make sure you understand the order fully, and that only the work you want done is included.
- Ask for a fully itemized estimate before signing the work order. Most shops charge a *flat rate* per job instead of a *clock-hour-rate*—the time it actually takes. This enables them to give the customer a more accurate estimate, but frequently he pays more than he would if charged on a straight time basis. If dissatisfied, you would be wise to obtain another estimate at a different repair shop. If the exact nature of the problem and the repair charges are unknown, write your name and phone number on the work order, with instructions to be called for authorization before the needed repairs are made.
- Request an itemized bill for all parts, the labor involved in each job, and any other charges. Make sure you are not being charged for unauthorized work. If the price of a part seems high, ask to see a price list. Have the mechanic save the old parts for you to see. If used or rebuilt ones have been installed, this should be so stated on the bill. If the car is under warranty, ask for an *itemized account* of the work done and save your receipts.
- If the required repair work was substantial, ask the service manager to accompany you on a test drive. If the car still does not perform satisfactorily, it is up to the mechanic to correct the problem—before you pay and drive away!
- If the agency gives warranties on its labor and parts, make sure that you get a separate signed guarantee or one written on the bill, specifying its terms.
- By all means discuss any reservations you may have about the bill with the manager or owner, but *don't refuse to pay it.* A mechanic's lien could be levied against your car, permitting the service agency to sell it in order to collect. Better pay up and then complain to the proper authorities.



Any complaints?

If the service of the *new-car dealer* has been unsatisfactory on any count, and the salesman or service manager has not taken appropriate action, there is a series of steps you might take to correct the situation.

1) Talk to the general manager or owner.
2) Write or phone the manufacturer's zone office, listed in the owner's manual.
3) Send a brief, typewritten, registered letter to the director of service, or the president or vice president of marketing of the manufacturer, stating the purchase date, where bought or serviced, the car's serial number and the nature of the problem. Send copies to the dealer, zone manager, the local Better Business Bureau, a state consumer protection agency or the provincial Office of Consumer and Corporate Affairs. Keep copies of all correspondence.
4) In the unlikely event that these actions fail, those in the United States might contact AutoCAP—the Automotive Consumer Action Panels. Its membership is composed of representatives of the automotive industry and consumers who attempt to resolve customer difficulties. Contact the National Automobile Dealers Association (address on page 39) for the office nearest you. In Canada, various local groups handle consumer grievances; call the provincial Office of Consumer and Corporate Affairs for information.
5) In the United States, call your local Better Business Bureau for information about its National Consumer Arbitration Program that handles complaints of many kinds. Businesses, consumers and regulatory agencies alike have been very pleased with its results. Canadian Better Business Bureaus have a mediation program that is similar, but those concerned are not legally bound by its findings.
6) Consult government personnel: city or county consumer protection agency officials, the state attorney-general's office or the United States Office of Consumer Affairs. See page 39. In Canada, contact your provincial Office of Consumer and Corporate Affairs.
7) If the amount of money involved is small—usually no more than $500—those in the United States can file a claim with the Small Claims Court, and act as his or her own lawyer. Larger claims must be filed by an attorney; if you do not have one, see if the local Bar Association has a legal referral service. In Canada you would file a claim through the Division Court.

If the *used-car dealer* fails to honor the warranty, or you suspect fraud or deceptive practices, follow the courses suggested in steps 5 through 7 above.

Should you discover that the odometer disclosure statement was false, you may file a civil suit against the seller. See page 10.

If you have service problems with an *independent repair shop*, discuss the matter with the shop manager. If appropriate action is not taken, follow steps 5, 6 and 7.

Energy, ecology and safety

Consumers, industry and government alike will be involved in making the car a safer, more ecologically sound machine as long as the automobile is the major means of moving people. Government sets standards, industry responds with technology and a variety of products, and consumers vote with their automobile dollars.

There is a demand for change by the three powers in several areas. How will the changes affect the dollar costs of the automobile? How will it affect you? What are the trade-offs involved?

Energy

The high price of oil and fuel has brought home the fact that our resources are finite. In an effort to curb fuel consumption, the government has requested that cars meet certain miles per gallon goals by 1980. The auto industry, trying to meet these goals, says that lighter cars and greater efficiency are the answer.

To aid consumers in the showroom, manufacturers and the Environmental Protection Agency in the United States developed a voluntary labeling program. Labels affixed to new car windows show the vehicle size, weight, annual miles per gallon and average annual fuel costs.

Despite government and industry efforts, the real answer to reducing energy consumption lies with you, the driver. What can you do?

- Use the voluntary fuel labels as a guide in choosing a car that fits your needs and is low on fuel consumption.
- Pay particular attention to car size. Vehicle weight is the single most important factor affecting fuel economy.
- Consider fuel consumption when deciding upon car accessories.
- Keep your car in top operating condition.
- Ride public transportation when possible. Support efforts to initiate or improve mass transportation facilities in your locale.
- Join or organize a car or van pool.
- Combine shopping and chauffeuring for the same outing.
- Plan routes for shorter distances and fewer traffic lights. Stop-and-go driving uses more fuel.

Environmental protection

As you drive, your car spews carbon monoxide, hydrocarbons and nitrogen dioxide into the air. In areas where traffic is heavy, these emissions make the air unfit to breathe and endanger public health. To combat the effects of car emissions on the public, the Clean Air Act in the United States sets emission control standards and air pollution limits.

What are the costs and benefits of cleaning up our environment?

- **Car performance,** although originally somewhat hampered by the control devices, is improving rapidly. Auto manufacturers are designing new engines and pollution control systems with optimum performance in mind.
- **Fuel economy** decreased slightly with early emission controls, but this loss is being regained with technological advances. As cars become lighter in weight, fuel economy is likely to increase even with the controls.
- **Fuel costs** may rise about 1/4 of one percent per gallon because of environmental protection, but the major reasons for your rising gas bills are energy and fuel shortages. Following the tips in the previous section may help you reduce those bills and conserve fuel. Many new cars will require lead-free gasoline. While costing slightly more, this results in lower lead levels in the air and longer life to spark plugs and mufflers.
- **Cost of the emission controls**—their purchase price, driving cost and maintenance—is minimal when computed over the useful life of the car.

Obviously emission controls cost money, but less than is required to remedy pollution damage to our health, crops and property. Until safe pollution limits are met, we will pay for these damages through increased taxes, higher prices and increased medical costs.

Safety

Human error accounts for over 80 percent of the accidents surveyed by the University of Indiana Institute for Research in Public Safety. The ongoing study group also reports that less than five percent of the accidents were definitely due to the automobile's mechanical defects. How does this concern you?

As a driver you have the responsibility to drive safely. The right attitude, skills, knowledge and sound habits are the elements making a good driver. Not only will safe driving reduce the chance of physical injury or death, it will save time and money in the repair shop.

What can you do to reduce accidents and injury? In addition to following established traffic laws, several suggestions can be made.

- Wear your seat belt and shoulder harness. An estimated 10,000 to 20,000 lives a year could be saved if lap and shoulder belts were worn.
- Buckle small children into their own safety seats. An adult belt and shoulder harness can seriously injure a small child, particularly those under four years of age or weighing less than 40 pounds.
- Adjust your speed to road and weather conditions and general flow of traffic, as well as to speed limits.
- Make your intentions known to others in advance—signal when turning, pulling out into traffic, changing lanes or rapidly reducing your speed. Don't ride the brake pedal—your brake lights indicate that you intend to slow down or stop.
- Allow one car length between you and the car ahead for each ten miles per hour you are driving. If someone pulls in front of you, gradually drop back a safe distance. Tailgating is particularly hazardous in foul weather or in swift-moving traffic.
- Pull to the side of the road if you need to read a map, comb your hair, admonish children or eat a sandwich. Driving requires your complete attention. Improper lookout and inattention play a significant role in accidents caused by human error.
- Remain constantly aware of your surroundings. Look ahead from side to side, into the rear view mirror, to the side mirror and to the dashboard controls.
- If you drink, allow at least one hour per average drink consumed before getting behind the wheel of a car.

Aspiring drivers should, if possible, be trained by competent instructors from either a high school or accredited driving school. Licensed, experienced drivers would also greatly benefit from the defensive driving courses now offered under the sponsorship of the National Safety Council and the Canada Safety Council. Write their national headquarters for details.

What is government and industry doing to reduce the number of traffic injuries and fatalities? In the United States, the National Traffic and Motor Vehicle Safety Act of 1966 gave the National Highway Traffic Safety Administration the authority to set standards for automotive safety. The standards are designed to make the car safer mechanically and to provide protection for its occupants. Examples of safety standards include safety glass, sideguard door beams, safety door locks, head restraints, collapsible steering columns, seat belts and padded dashboards.

In addition to setting car safety standards, the National Highway Traffic Safety Administration also sets standards for infant and child car seats. Canadian standards are imposed under the Hazardous Products Act administered by the Department of Consumer and Corporate Affairs.

Once standards are set, it is the automotive industry's job to meet those standards at the lowest possible cost to the consumer. Making cars safer does cost more when you make your initial purchase, but much may be saved in the long run. Cars with safety equipment are more crash-worthy and less likely to inflict serious injury in the event of an accident, reducing insurance and medical bills and possibly saving lives.

Conclusion

There is obviously much to consider if you are to spend your automobile dollars wisely—beginning with your net income and a spending plan. By following the guidelines provided in this booklet, you can meet the challenge of automobile ownership with competence—and confidence!

Suggested Resources

Organizations

American Automobile Association (AAA)
8111 Gatehouse Road
Falls Church, Virginia 22042

American Car Rental Association
1750 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Canada Safety Council
1765 St. Laurent Boulevard
Ottawa, Ontario K1G 3V4

Consumer Information Center
Pueblo, Colorado 81009

Consumer Services Branch
Consumer and Corporate Affairs Canada
Place du Portage
68 Victoria Street, 17th Floor
Hull, Quebec, K1A OC9

Council of Better Business Bureaus, Inc.
1150 17th Street, N.W.
Washington, D.C. 20036

Federation of Automobile Dealer Associations of Canada
2 Shepard Avenue East
Suite 1902
Willowdale, Ontario M2N 5Y7

Insurance Bureau of Canada
181 University Avenue, 13th Floor
Toronto, Ontario M5H 3M7

National Automobile Dealers Association
8400 Westpark Drive
McLean, Virginia 22101

National Highway Traffic Safety Administration (NHTSA)
Office of Public Affairs and Consumer Services
400 7th Street, S.W.
Washington, D.C. 20590

National Institute for Automotive Service Excellence
1825 K Street, N.W.
Washington, D.C. 20006

National Safety Council
444 North Michigan Avenue
Chicago, Illinois 60611

United States Department of Transportation (DOT)
400 7th Street, S.W.
Washington, D.C. 20590

U.S. Office of Consumer Affairs
621 Reporters Building
Washington, D.C. 20201

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Acknowledgment

In order to present a well-balanced point of view in this booklet, a number of persons were consulted, and many publications were reviewed. This booklet represents a synthesis of information rather than the viewpoints of individuals. For assistance in helping us obtain a clearer understanding of the subject, we give grateful acknowledgment to:

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JOHN CRAIGIE, *Vice President—Special Services, Insurance Information Institute,* New York, New York.

V.P. DOLLARD, *Former President, Better Business Bureau of Metropolitan Toronto Inc.,* Toronto, Ontario.

KENNETH GRAYDON, *Executive Vice President, Federation of Automobile Dealer Associations of Canada,* Willowdale, Ontario.

E. G. HESSION, *Former Manager, Traffic Section, Canada Safety Council,* Ottawa, Ontario.

DENISE M. MATEJIC, *Family Resource Management Specialist, Cooperative Extension Service, Cook College, Rutgers—The State University,* New Brunswick, New Jersey.

WILLIAM McLEAN, *Manager, Educational Programs, Public Relations Division, Motor Vehicle Manufacturers Association of the United States, Inc.,* Detroit, Michigan.

ROGER MURCH, *Director of Governmental Relations, National Car Rental System,* Minneapolis, Minnesota.

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